NORTH CAROLINA
Turnpike Authority

NCTA Annual Report

Joint Legislative Transportation Oversight Committee

December 12, 2006

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Today's Presentation

Recap of the past year's activities…

- Our Organization
- Our Approach
- Our Projects
- Our Priorities

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First, Our Organization…

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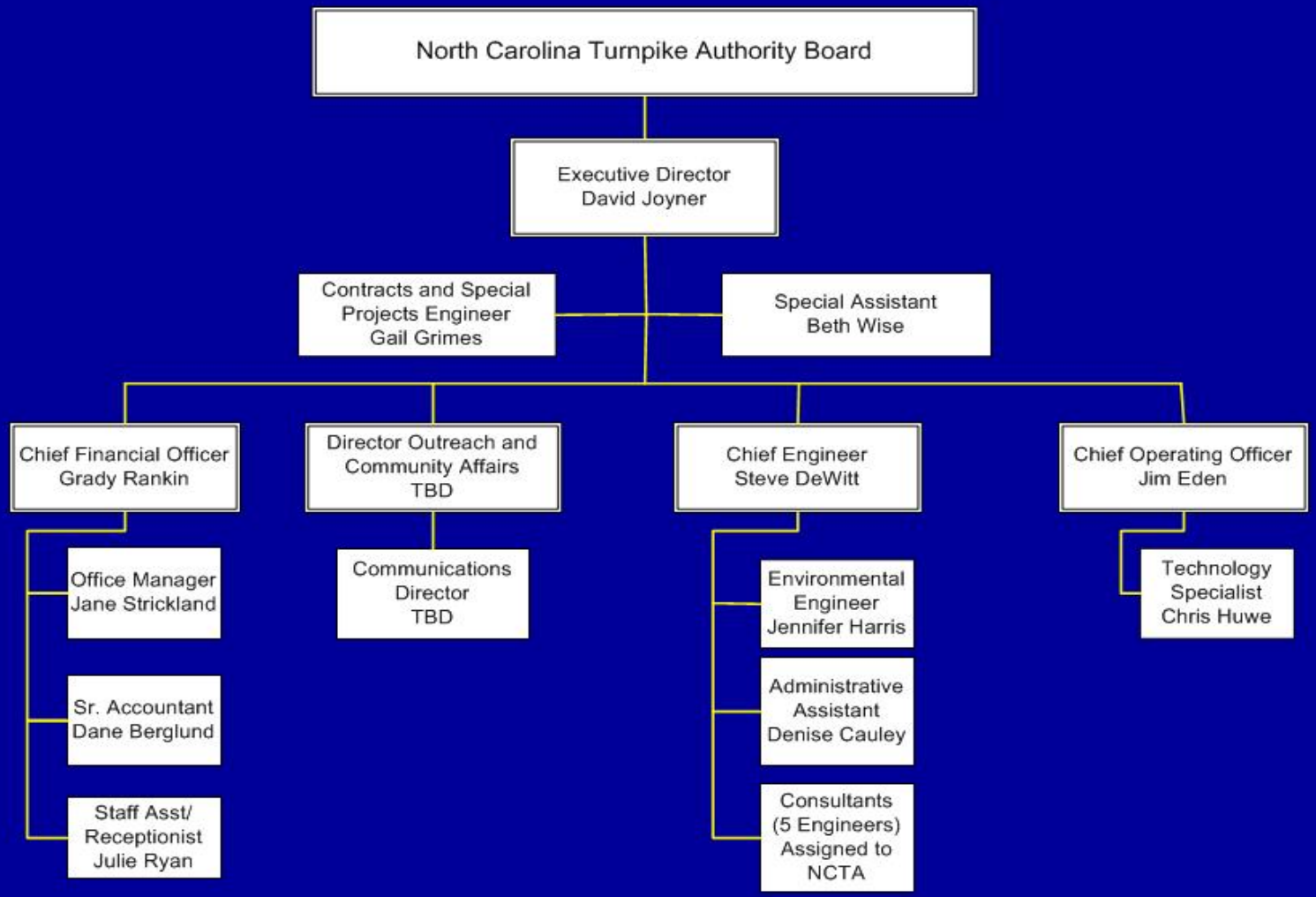
North Carolina Turnpike Authority



Our Organization

In past year the following positions filled:

- Chief Financial Officer (January)
- Chief Engineer (July)
- Chief Operations Officer (September)
- Director of Community Outreach (open)

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Our Finance Team

Principal Players:

- CFO (Grady Rankin)
- Financial Advisor (PFM),
- Bond Counsel (Womble Carlyle)
- Traffic and Revenue Consultants (Wilbur Smith Associates)
- Underwriter – RFP out next week

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Our Engineering Team

Principal Players:

- Chief Engineer (Steve DeWitt)
- NEPA professionals
  - Staff (1)
  - In-house project consultants (4)
  - In-house project design consultant (1)
- Environmental Attorney (Akin-Gump)

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Our Operations Team

Principal Players

- Chief Operations Officer (Jim Eden)
  - 25 years in the toll industry
  - Public sector: PA Tnpk
  - Private sector: Lockheed
- Project Managers – (TBD)

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A word about how we evaluate each project…

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Our Approach - Financial Analysis

A businesslike approach…

First, a market assessment

- Population / Growth Forecast
- Demographic Analysis:
  - Employment
  - Income
- Market Capture / Diversion
- Revenue Potential

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Our Approach - Financial Analysis

Second, precise cost estimates

- ROW Cost
- Construction Cost
- Capital Costs
- Operations / Maintenance Costs
- Set asides for Reserves

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Our Approach - Financial Analysis

- Leads to cash flow forecast

  Gross Revenue

  Less Operating Expenses

  = Net Income
- Then "Bondabilty" Assessment
  - Bondability – calculated as % of capital cost
- The remainder is the "GAP"

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Our Approach - Operations

Electronic Toll Collection

- Transponder based system
- Highway speed – no stopping to pay
- Cash lanes – for supplemental revenue
- Video Cameras
  - Backup Collection
  - Enforcement

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Our Approach - Environmental Review

New 6002 Process

- New opportunity established in "Section 6002" for 3 projects
- Requires "Coordination Plan" rather than agreement on "Concurrence Points"
- Uncharted waters: Risk vs. Reward

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Our Approach - Environmental Review

New 6002 Process

Risks:

- Agency reactions mixed
- Earlier ROD, delayed permit
- Litigation

Rewards:

- Streamline process
- Expedite project delivery
- Establish new efficiencies in process

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Our Approach - Community Outreach

Meanwhile, we must help answer the public's question: "Why Tolls?"

- Revenue shortfall is real
- No new sources of revenue in sight
- Construction costs are soaring
- Population and congestion in urban areas is exploding

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A look at our first project:

Triangle Expressway

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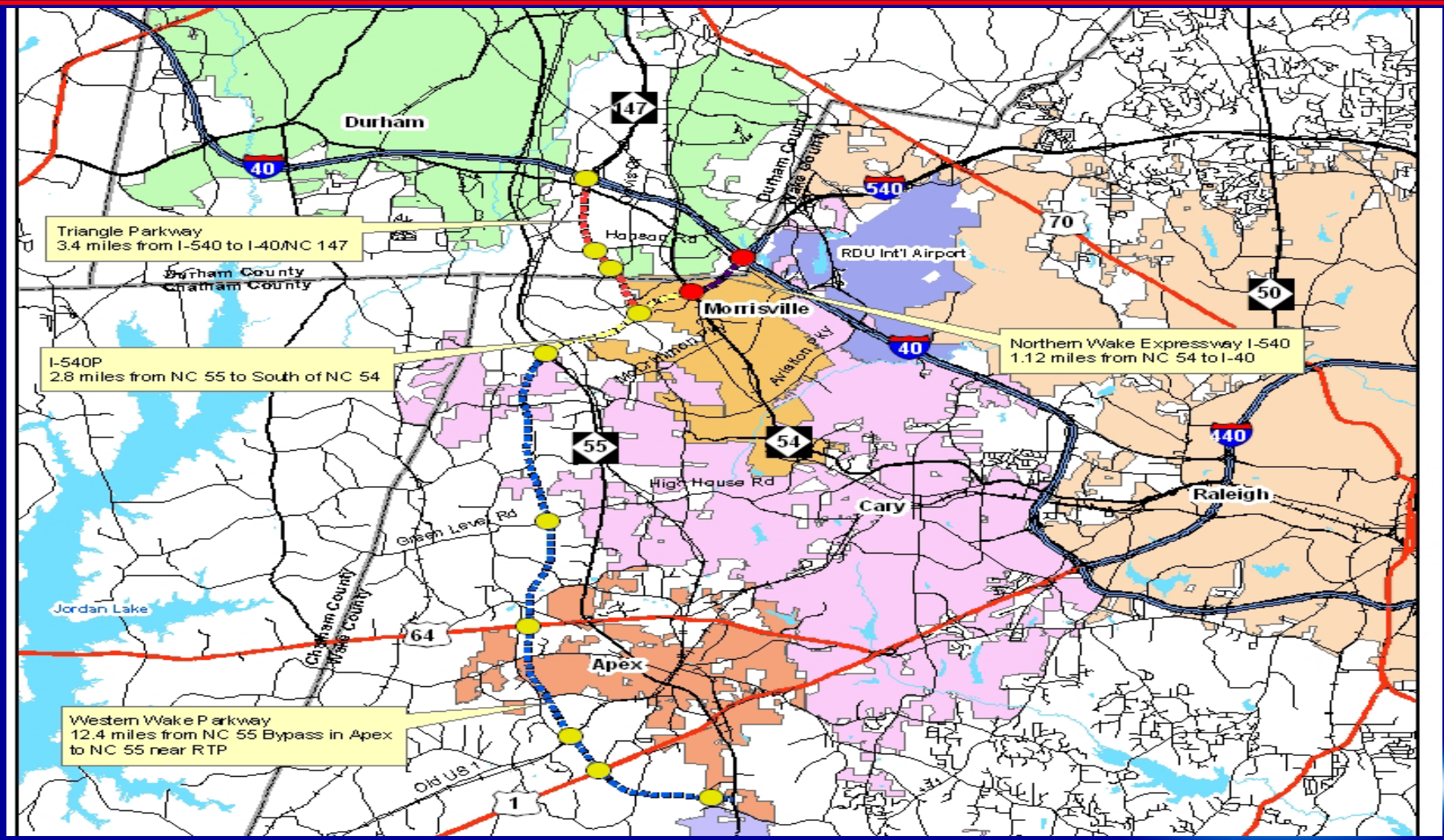
Triangle Expressway



Triangle Expressway

- Consists of 3 Segments -18.9 miles
  - Triangle Parkway (3.4 miles)
  - I-540P (2.8 miles)
  - Western Wake Expressway (12.7 miles)
- Cost -- $857.6 million

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Triangle Expressway

Background

- Request came from locals – Dec ‘05
  - Letter from 5 Wake County mayors
- Market and revenue analysis
  - Preliminary Traffic and Revenue Study (WSA) - June ‘06
- Costs estimates
- Preliminary – Functional Designs

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Triangle Expressway

Background

- Financial Analysis completed July ‘06
- Environmental studies
  - Triangle Parkway – EA
  - Western Wake - Reevaluation
- MPO’s
  - CAMPO - Go (August)
  - DCHC MPO - Go (October)

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Triangle Expressway

Timeline:

Spring 2007	Identify GAP Funding
July 2007	Complete Environmental Reviews
August 2007	Completer Bond-Grade T&R study
December 2007	Close on Bond Offering
Dec ‘07 – Jan ’08	Let Date
Late ’10 – Early ’11	Open to Traffic

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Triangle Expressway

Financial Analysis

	($ Million)
Project Capital Cost	$ 857.6
Gap	
One Time Payment	$ 203.5
Annual Revenue Supplement	$ 12.0

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Triangle Expressway

Preliminary Financing Plan

	Single Gap Payment*	Annual Revenue Supplement*
Current Interest Bonds	$278.7	$ 393.1
Capital App. Bonds	144.9	138.6
TIFIA Bonds	300.1	288.4
540P	108.7	108.7
GAP Funding	$203.5	
Annual Revenue		$12 million/yr
Total	$ 904.4	$ 928.8

* $ millions

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Triangle Expressway

Special Note:

Attaining milestones dependent on securing Gap funds in Spring of 2007

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Our Other Projects…

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NCTA Projects

Project	Length	Total Cost	Award
Gaston Connector	5.7-21.5 mi.	$399M-$1.2 B	Spring ‘10
Monroe Connector	21.1 mi.	$552.8 M	Late ’09
Cape Fear Skyway	9.5 mi.	$415-889 M	Fall ‘09
Mid-Currituck	11 mi.	$120-200 M	Fall ’09
I-74 Brunswick Co.	20 mi.	TBD	TBD

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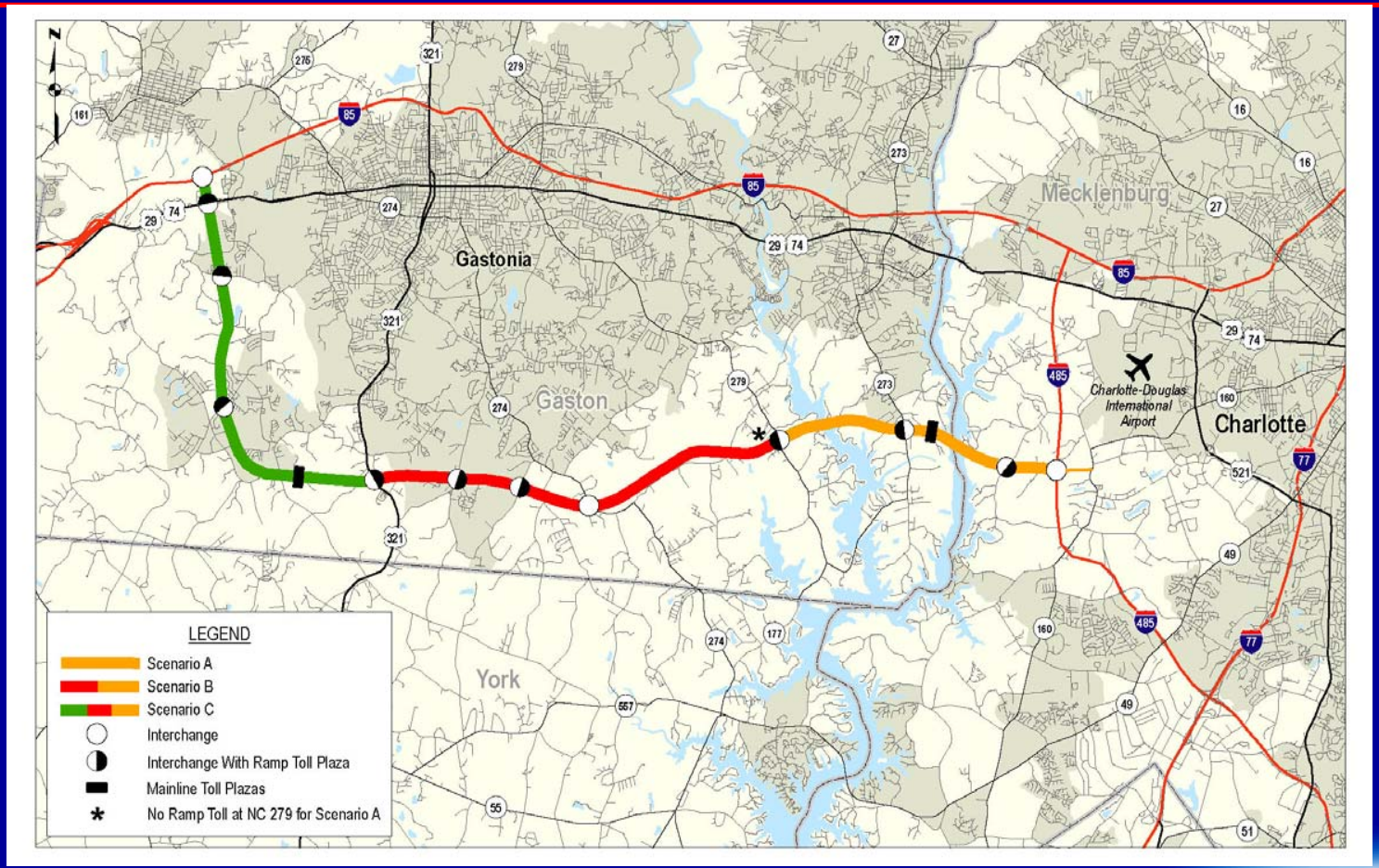
Gaston East-West Connector

Considering 3 Scenarios:



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Gaston East-West Connector

Project Description – 3 Scenarios

	Scenario A	Scenario B (Incl. A)	Scenario C (Incl. B)
Length (miles)	**5.7**	**14.1**	**21.5**
Project Cost	**$ 398.6**	**$ 742.0**	**$ 1,219.5**
Project Gap:			
One Time Payment	**$ 187.7**	**$ 418.1**	**$ 834.5**
Annual Revenue Supplement	**$ 12.5**	**$ 26.0**	**$ 54.0**

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Gaston East-West Connector

Project Timeline:

May 2007	Preliminary Engineering and Impact Evaluations
February 2008	Draft EIS
July 2009	Final EIS
January 2010	Record of Decision
May 2010	Let Contract

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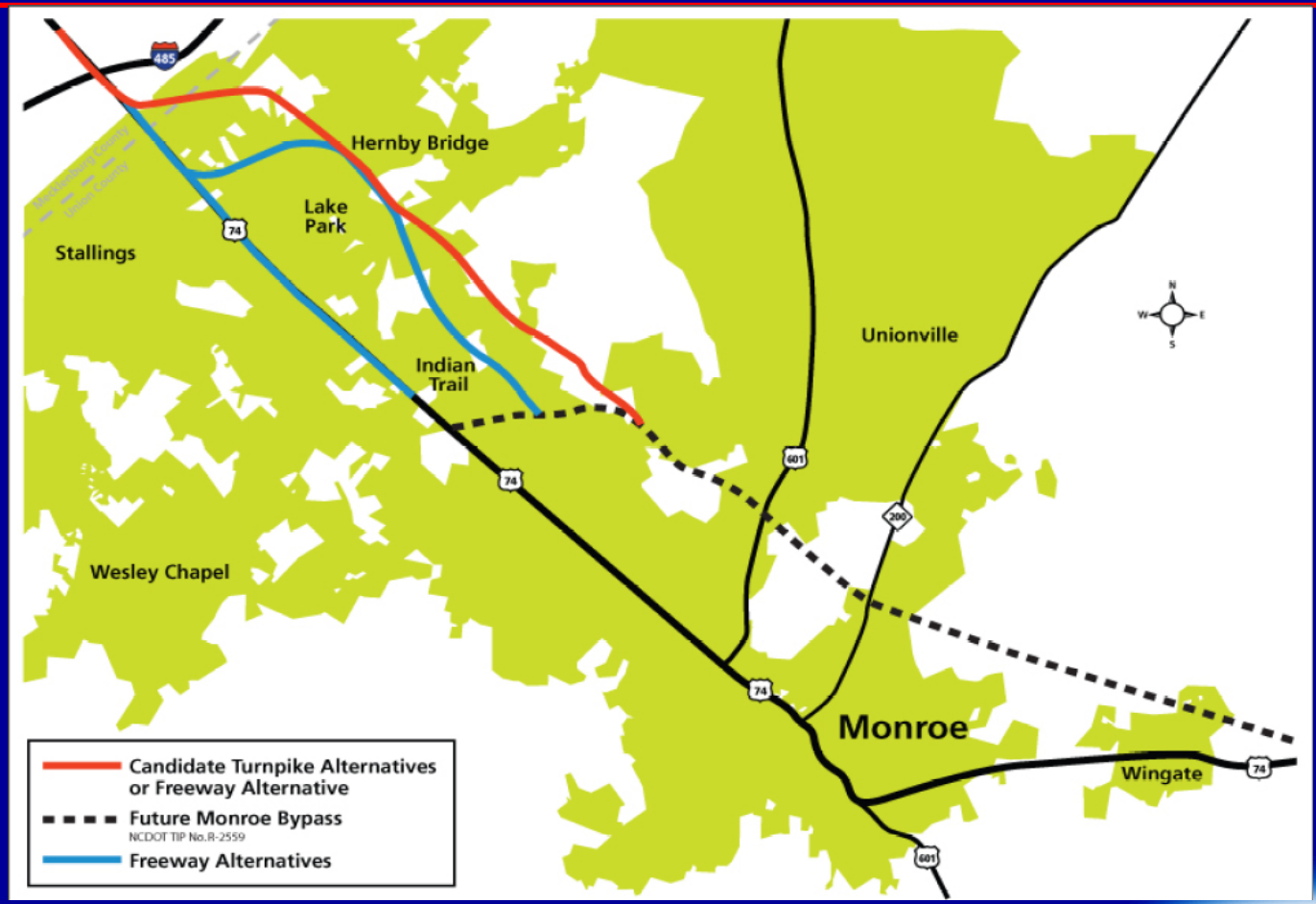
Monroe Connector & Bypass



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Monroe Connector & Bypass

Project Description

	Combined
Project Length (miles)	21.1
Project Cost	$ 552.8
Gap With TIP Funds	
One Time Payment	-
Annual Revenue Supplement	-
TIP Funds	$ 186.6

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Monroe Connector & Bypass

Project Timeline:

- 1st Qtr. 2007-- Prepare detailed project timeline
- NEPA process could be completed in three years

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Our Other Projects

Financial Feasibility Analysis Pending:

- Cape Fear Skyway 1st Quarter 2007
- Mid-Currituck Bridge 1st Quarter 2007
- I-74 Brunswick County 2nd Quarter 2007

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Let's Discuss:

GAP Funds

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About Gap Funds

- Virtually all new toll facilities require "gap" funding
- "Good" projects 50% - 60% bondable
- Different states use different approach
  - Single, lump-sum payment, or
  - Annual Revenue Supplement

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Gap Funds

Financial Analysis completed for:

- Triangle Expressway
- Gaston East-West Connector
- Monroe Connector / Bypass

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Gap Estimates

Project	Cost	Lump Sum Gap	Annual Supplement
Triangle Expressway	$ 857.6	$ 203.5	$ 12.0
Gaston East-West Connector – Scenario A	398.6	187.7	12.5
Monroe Connector / Bypass	553.2	0	0
Total for Three Projects	**$ 1,809.4**	**$ 391.2**	**$ 24.5**

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Our Legislative Priority

State Funding of Our Gaps

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Without State-Provided Gap Funds

Other options are less desirable

A. Public–Private–Partnerships (PPP)

- Greater Public Risk
- Less Control
- Potentially Higher Cost of Capital
- Greater Uncertainty
- Longer Term

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Without State-Provided Gap Funds

Other options are less desirable:

B. NC DOT Equity or Loop Funds

- Could create schism between NCTA / DOT for scarce dollars
- Question as to DOT's authority to make 30-year commitment

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And Without Gap Funds…

Projects don't go forward!

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Conclusion:

Think Gap Funding !

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Thank You…

Questions?

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